

2008-2009 PERFORMANCE PLAN – Portfolio Manager, Opportunistic Fixed Income (D. Kiefer)

Page 1 of 3

Quantitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
5%	CalPERS Life Settlement Program	Time Weighted Return (TWR) of Life Settlement Assets – performance calculation based on receipt of cash proceeds from sale of Life Settlements Assets.	0% TWR = 0 10% TWR = 1.0 15% TWR = 1.5
5%	CalPERS Credit Enhancement Program (CEP)	Revenues, net of losses, on CalPERS CEP program.	\$1 MM = 0 \$3 MM = 1.0 \$4.5 MM = 1.5
30%	CalPERS Domestic Fixed Income (FI), Internal	Net of Fees, excess returns in basis points relative to: Domestic Fixed Income (FI), Internal – CalPERS Custom LEH LPF {SW 4KA1 – CALCCLP2}	0 basis points = 0 +40 basis points = 1.0 +60 basis points = 1.5
35%	CalPERS Securities Lending Program	Revenue generated from CalPERS securities lending program.	\$110 MM = 0 \$150 MM = 1.0 \$170 MM = 1.5
75%	Subtotal	Quantitative Measures	

2008-2009 PERFORMANCE PLAN – Portfolio Manager, Opportunistic Fixed Income (D. Kiefer)

Page 2 of 3

Qualitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
15%	Leadership	<p>Demonstrate a commitment to leadership and ongoing communication within the Investment Office and in the external investment community as follows:</p> <ul style="list-style-type: none"> • Employee Performance and Development – By 6/30/09 ensure 90% completion rate for annual performance appraisals and employee development plans’. • Employee Mentoring and Recognition – By 6/30/09, take proactive steps to coach and mentor employees, provide succession planning, and acknowledge staff (e.g. through activities such as providing training and development opportunities, holding recognition events, and effectuating the transfer of knowledge) • 360 Feedback Process <ul style="list-style-type: none"> ▪ By 12/1/08 begin the individual 360 feedback survey assessment process. ▪ By 2/1/09 identify one to two areas of personal development. ▪ By 6/30/09, participate in all personal coaching sessions provided and complete the development opportunity identified. • Investment Office Strategic Initiatives and Cultural Alignment – Ensure the successful implementation of the strategy and cultural alignment efforts by completing the following: <ul style="list-style-type: none"> ▪ By 9/30/08, identify from our cultural profile an area in which we need to improve our culture and implement an improvement in my area by 3/30/09. ▪ By 12/31/08, participate in a cultural reinforcement session with the Investment Office. ▪ By 6/30/09, participate in the implementation of at least one Investment Office strategic initiative. ▪ By 6/30/09, contribute to healthy dynamics and cultural alignment in the Investment Office (e.g. by demonstrating productive participation in meetings, communicating across asset classes, and clearly setting and communicating priorities) • External Investment Community – By 6/30/09, represent CalPERS in the external investment community through a meaningful and substantive engagement as follows: <ul style="list-style-type: none"> ▪ Serve on at least one external board or committee; or ▪ Conduct at least one presentation at conference or similar event; or ▪ Write an article. 	From Schedule

2008-2009 PERFORMANCE PLAN – Portfolio Manager, Opportunistic Fixed Income (D. Kiefer)

Page 3 of 3

Qualitative Performance Measures (cont.)

Weight	Factor	Performance Measure	Incentive Schedule
10%	Unique Idea Generation	By June 30, 2009, Formulate and submit proposals for unique ideas or programs that enhance CalPERS fixed income investment opportunities (including opportunities that intersect with other asset classes). [More specific measurable outcome TBD.]	From Schedule
25%	Subtotal	Qualitative Measures	
100%	Total	Quantitative and Qualitative Measures	